

## CHAPTER 228

## INSURANCE

## S. F. 164

AN ACT to repeal section eight thousand nine hundred forty-three-e 1 (8943-e1) and section eight thousand nine hundred forty-three e-2 (8943 e-2) of the 1935 code of Iowa, contained in chapter four hundred four (404) entitled "Insurance Other Than Life" under title twenty (XX) entitled "Insurance", and to provide a substitute therefor, requiring the countersignature of insurance policies by resident agents of commission paying insurance companies; limiting right of countersignature to insurance agents whose earnings are derived from the insurance business by way of commission; providing for a minimum commission which shall be payable to resident countersigning agents on risks located in Iowa that the policies for which originate without the state; providing for liability of the insurance carrier to the resident countersigning agent for such commission; prescribing the duty of insurance carriers and resident agents to keep records of policies so originating without the state that the commissioner of insurance may verify premium tax; providing for retaliation in the event larger commissions are retained by non-resident agents on foreign risks originating in the state of Iowa; providing that this act shall not be applicable to associations doing business under chapter four hundred six (406) of the code, domestic companies, life insurance companies, and companies soliciting business exclusively by salaried representatives; and providing penalties for the violation of this act.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. Section eight thousand nine hundred forty-three e-1  
2 (8943 e-1) and section eight thousand nine hundred forty-three e-2  
3 (8943 e-2) of the 1935 Code are hereby repealed.

1 SEC. 2. No insurance company shall write, issue, or place, or cause  
2 to be written, issued, or placed any policy or contract of insurance or  
3 endorsement thereto, covering risks on any property, insurable busi-  
4 ness activity, or interest, located within, or transacted within this state,  
5 including any contract of indemnity or suretyship, except through or  
6 by a duly licensed agent of such company, residing within this state,  
7 who shall before delivery, countersign said policy or contract of insur-  
8 ance or endorsement thereto. No such resident agent shall countersign  
9 such policies, contracts of insurance or endorsements in blank.

1 SEC. 3. Only resident agents within this state, whose compensation  
2 for soliciting and writing insurance is by way of commission figured  
3 as a percentage of the premium or membership fee for each policy or  
4 contract of insurance written, may countersign policies, contracts of  
5 insurance or endorsements thereto within this state. No branch man-  
6 ager, state agent, special agent, or other supervisory agent, or any  
7 other representative of an insurance company whose compensation in  
8 the insurance business is derived either in whole or in part by salary  
9 may countersign policies, contracts of insurance or endorsements  
10 thereto on risks located in this state within the purview of section two  
11 (2) foregoing.

1 SEC. 4. In the event policies, contracts of insurance or endorse-  
2 ments thereto on risks located within this state as defined in section  
3 two (2) foregoing are contracted for or otherwise originate without the  
4 State of Iowa, then in that event, there shall be payable to the counter-  
5 signing agent, resident of the State of Iowa, a commission which shall  
6 be not less than five per cent (5%) of the premium charged for such

7 policy, or contract of insurance or endorsement thereto, provided, how-  
8 ever, said countersigning commission shall not exceed one-half of the  
9 total commission on any line, form, or type of insurance. Nothing  
10 herein shall prevent the payment of a larger commission to the resident  
11 countersigning agent if agreed to by the interested parties, as here-  
12 inafter provided.

1 SEC. 5. In the event that any insurance company is furnished with  
2 a written signed agreement, duly executed by and between a forward-  
3 ing non-resident agent or broker and a resident countersigning agent,  
4 providing for a commission in excess of that provided in the preceding  
5 section, then and in that event until notice is received by the company  
6 to the contrary, the commission due and payable to the resident coun-  
7 tersigning agent shall be as contained in said agreement, and the rights  
8 of such resident countersigning agent to enforce payment thereof shall  
9 be the same as are applicable to the commission provided for in the  
10 preceding section.

1 SEC. 6. The resident countersigning agent shall have a direct claim  
2 against the insurance company issuing such policy, or contract of in-  
3 surance or endorsement thereto for his commission in accordance with  
4 the two preceding sections. The liability of such company for such  
5 commission may be enforced in an action at law or equity as the case  
6 may be.

1 SEC. 7. It shall be the duty of every resident countersigning agent  
2 for business originating without this state but covering property or  
3 business transactions within this state, and the insurance companies  
4 issuing such policies, to keep a written record of each such transaction  
5 which shall contain the name of the company issuing the policy, the  
6 name of the assured, the number of the policy, the expiration date  
7 thereof and the amount of the premium payable thereunder, and such  
8 record shall be subject to the inspection of the Commissioner of Insur-  
9 ance for the purpose of verifying the amount of premium tax payable  
10 by such company under the provisions of chapter three hundred thirty-  
11 five (335) of the Code.

1 SEC. 8. The provisions of the seven preceding sections shall be ap-  
2 plicable to all companies doing business under this chapter and inter-  
3 insurance exchanges engaged in business under the provisions of chap-  
4 ter four hundred eight (408) of the Code, when such companies or  
5 exchanges are engaged in business on the commission basis, and the  
6 agents thereof, but shall not have application to life insurance com-  
7 panies, associations doing business under chapter four hundred six  
8 (406) of the Code, domestic insurance companies or exchanges, or com-  
9 panies or exchanges who solicit insurance exclusively by salaried rep-  
10 resentatives who are paid no commission on business written, or to the  
11 business of mutual insurance companies obtained through salaried  
12 representatives and upon which no commission is paid; nor shall such  
13 sections apply to insurance on rolling stock of railroad corporations  
14 operating between states, or property in transit from one state to an-  
15 other while in possession of railroads or other common carriers; or to  
16 insurance upon ocean marine risks or property in transportation.

1 SEC. 9. The Commissioner of Insurance may revoke or suspend the  
2 certificate of authority of any insurance company or exchange violat-

3 ing the provisions of any of the eight preceding sections or the license  
4 of any agent violating any of such sections.

1 SEC. 10. Any employee, representative, or agent of an insurance  
2 company violating any of the provisions of the nine preceding sections  
3 shall be guilty of a misdemeanor, and upon conviction shall be liable to  
4 imprisonment for a term of not to exceed thirty (30) days or for a fine  
5 not to exceed one hundred and no/100 (\$100.00) dollars or for both  
6 such fine and imprisonment.

1 SEC. 11. If, by the existing or future laws of any state, a higher  
2 commission is payable to agents resident of such state on risks located  
3 in such state, the policies or contracts of insurance for which originate  
4 in this state, then and in that event the resident countersigning agent  
5 under the ten preceding sections shall be entitled to a like commission  
6 on risks located in this state as defined in section two (2) foregoing  
7 and which are contracted for or otherwise originate in such other state.

Approved March 23, 1939.

## CHAPTER 229

### MUTUAL INSURANCE ASSOCIATIONS

#### S. F. 289

AN ACT to amend section nine thousand twenty-nine (9029), code, 1935, so as to add to the forms of insurance that may be written by mutual insurance associations, and allow the insurance of property of minors by them; permitting such associations to insure against loss or damage from injury, sickness or death of animals and the cost of furnishing veterinary service; and against loss or damage from smoke, explosion, aircraft, vehicles and riot (including riot attending a strike); and permitting insurance of property of minors on application of an adult parent, friend or guardian who consents to become a member as representing such minor.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. That section nine thousand twenty-nine (9029), Code,  
2 1935, be and is hereby amended in each of the following respects, viz:  
3 A. By adding to the six numbered kinds of insurance stated therein  
4 two additional kinds, as follows:

5 "7. Injury, sickness or death of animals, and the furnishing of vet-  
6 erinary service.

7 8. Smoke, explosion, aircraft, vehicles, and riot (including riot at-  
8 tending a strike)."

9 B. By adding at the end of the section the following:

10 "Insurance on the property of one or more minors may be granted  
11 on application of an adult parent, friend or guardian who consents to  
12 become a member as representing such minor."

1 SEC. 2. This act being deemed of immediate importance shall be in  
2 full force and effect from and after its publication in the Ft. Dodge  
3 Messenger and Chronicle, a newspaper published at Ft. Dodge, Iowa,  
4 and in the Centerville Daily Iowegian & Citizen, a newspaper published  
5 at Centerville, Iowa.

Approved April 15, 1939.

I hereby certify that the foregoing act was published in the Ft. Dodge Messenger and Chronicle, April 21, 1939, and the Centerville Daily Iowegian & Citizen, April 21, 1939.

EARL G. MILLER, *Secretary of State.*